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A Brief Summary of Economic Conditions

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THE YEAR 1945 will be the fifth successive year war dominates American agriculture. Even with a European victory early next year the demand for the food and fiber output of American farms will continue at a high level. Military food requirements in the Pacific will be greater than ever, over-all civilian demand is expected to continue above pre-war levels, and foreign relief and export needs may assume large proportions. This demand, together with Government price supports, means farmers will again be assured favorable prices for their 1945 output. But 4 years of record production have brought about record stocks of many agricultural commodities. In some cases

these stocks will exceed probable demand, in others demand will far exceed supply. And so, rather important production shifts are in prospect for 1945. What these shifts are for important commodities and what the general outlook is for agriculture, as it appeared in mid-October, are outlined in the following summaries. These summaries are, for the most part, based upon materials used at the Twenty-second Annual Outlook Conference held in Washington.

DEMAND—PRICES

TOTAL demand for farm products in 1945 will be almost as high as in 1944, with most products selling at prices averaging only slightly below those of 1944.

Reductions in the output of war goods following the end of hostilities in Europe are likely to be accompanied by a decline in the national income because of reduced employment, particularly overtime, in a number of important industries. Consumer expenditures are not likely to drop as much as national income so that domestic demand for many farm products, at ceiling prices, may continue to exceed supplies. Commodities relatively plentiful in 1944 are likely to sell at somewhat lower prices in 1945 if supplies are maintained at levels reached during this past year.

Even though some military and lend-lease requirements for farm products are likely to be smaller in 1945 following the defeat of Germany, food and clothing needed for the rehabilitation of Europe and other areas will tend to maintain exports of agricultural products near present levels.

Nonagricultural incomes in 1945 are likely to be lower than in 1944. The reduction in industrial production following the defeat of Germany will cause a substantial decline in the present payments for overtime work. Also, there will be some shifting of labor from high wage to lower wage industries.

Farm Prices

Declining demand, together with an unprecedentedly large production of agricultural products in 1944 and a large carry-over of certain products

into 1945, is likely to cause some reduction in the prices received by farmers in 1945. This will, of course, be limited by the Stabilization Act of 1942, which provides for price support programs for most important farm commodities. These commodities have accounted for about two-thirds of cash receipts to farmers in recent years.

Prices of some of the things purchased by farmers, particularly food for family living and feed for livestock, probably will decline. As a result, the 1945 index of prices paid, interest, and taxes is likely to be slightly lower than in 1944.

Industrial Prices

Prices of semimanufactured and manufactured articles have risen very little in the last 2 years, with the supply of many such articles for civilian use insufficient to meet the demand at present prices. Government price controls will tend to prevent price rises for most products, but such changes permitted by the regulations are more likely to be increases than decreases.

The cost of living in large cities has increased very slowly in recent months. Food costs during the first 8 months of 1944 have averaged 1.8 percent lower than for the corresponding period in 1943, while nonfood costs have been 3.7 percent higher. Food costs probably will be somewhat lower in 1945, but nonfood costs seem likely to rise slightly.

National Income

National income for 1945 is likely to be somewhat lower than 1944, because of the reduction in Government expenditures following the end of the war in Europe. It is not likely that

production for civilian purposes will be increased as rapidly as war production is reduced; consequently the total national output of goods and services will be lower.

Already there is considerable evidence of a leveling off in the wartime rise in national income. The income for the first half of 1944 totaled 77.5 billion dollars, which is 9.5 percent above the income for the first half of 1943. This is the smallest increase since the beginning of the war and compares with a gain, for the first half of each year, of 28 percent from 1942 to 1943 and 25 percent from 1941 to 1942.

The expenditures of the Federal Government for war purposes during the first half of 1944 were 43.1 billion dollars or 44 percent of the gross national product of the country. War expenditures for the first half of 1944 were nearly 9 percent above the corresponding period of 1943, but the proportion of the gross national product absorbed was nearly the same in both periods.

The gross national output available for private use in the first 6 months of 1944 amounted to 47.3 billion dollars. This is larger than the amount available in the corresponding period of any of the 3 previous years by 2.5 to 3.3 billion dollars. Expenditures for consumer goods and services increased even more than this. Total expenditures for the first half of 1944 were 46.3 billion dollars, 11.1 billion more than for the corresponding period of 1941. Consumer expenditures for durable goods during this period decreased 1.7 billion dollars, but those for nondurable goods increased 10.2 billion and for services 2.7 billion dollars.

R. A. BALLINGER, BAE

FARM INCOME

TOTAL cash receipts from farm marketings in 1945 may drop 5 to 10 percent below 1944. Income from

crop sales is not expected to change materially because a substantial proportion of the large 1944 crop production will be marketed in the first half of 1945, which will help to offset somewhat reduced receipts later in the year if only average yields are obtained. The 1945 decrease in income from livestock and livestock products probably will be much greater, as a decline of about 20 percent in hog marketings is expected as well as a drop of about 10 percent in egg and chicken production.

1944 Cash Receipts

Cash receipts from farm marketings are estimated at 19.8 billion dollars for 1944, 3 percent above the 19.3 billion dollars in 1943. Receipts from crops probably will be about 8 percent greater than in 1943, while livestock and livestock product receipts may be slightly less. Largely because of the record wheat crop, food grains are expected to show the greatest gains over last year of any of the crop groups. Receipts from cattle and calves and dairy products will be slightly greater than in 1943, but receipts from hogs, poultry, eggs, sheep and lambs will be down.

Volume of production for sale and home consumption in 1944 will be about 3 percent above 1943. Volume of crops produced will be up 9 percent but livestock and livestock products will show no appreciable change.

Expenses

It is not expected that 1945 production expenses will differ greatly from 1944. Significant changes may take place, however, among the expense items. The cost of purchased feed may be 10 to 15 percent less in 1945 than in 1944. Relatively large crops of feed grains on hand for winter feeding with shrinking livestock numbers will reduce the need for buying as much feed next year.

The cost of hired labor including cash wages and perquisites, may be somewhat higher because of the higher wage level reached at the end

Index Numbers of Prices Received and Paid by Farmers

[1910-14=100]

Year and month	Prices received	Prices paid, interest and taxes	Parity ratio ¹
1943			
January.....	181	156	116
February.....	184	158	116
March.....	192	159	121
April.....	197	160	123
May.....	194	162	120
June.....	195	163	120
July.....	193	164	118
August.....	192	164	117
September.....	193	164	118
October.....	194	165	118
November.....	194	166	117
December.....	196	167	117
1944			
January.....	196	168	117
February.....	195	169	115
March.....	196	169	116
April.....	196	169	116
May.....	194	169	115
June.....	193	170	114
July.....	192	170	113
August.....	193	170	114
September.....	192	170	113
October.....	194	170	114

¹ Ratio of prices received by farmers to price paid, interest, and taxes.

of 1944. Many of the former agricultural laborers and members of farm families now engaged in war-time activities, will go back to farms when the war in Europe comes to a close. They will probably be warmly welcomed by overworked farm operators to assist in maintaining agricultural production at a sufficient level to meet the needs of the armed forces in the Pacific war as well as domestic requirements. The probable increase in availability of labor will tend to check the advance in wage rates.

Some increase in the cost of maintenance and depreciation in 1945 is expected, because the production of farm machinery and motor vehicles for farm use will be stepped up as soon as possible after the end of the war with Germany, with many farmers now financially able to purchase the machinery they need. On the whole, the value of all machinery and equipment on farms probably will increase in 1945 and so will depreciation charges based on current value.

Some rise in charges for depreciation of buildings is also indicated. Outlays for upkeep of farm buildings have been curtailed during the war years, which has resulted in considerable deferment of repairs and building new structures. With the possibility of obtaining larger supplies of labor in 1945 it seems probable that expenditures on buildings may increase somewhat, with resulting increased charges for depreciation.

No significant changes in either property or personal taxes are looked for in 1945, but interest payments will be somewhat reduced because of the relatively rapid reduction of farm indebtedness during the last five years.

In 1944 expenses of farm operators are expected to be higher than in 1943 by perhaps 5 percent. The cost of purchased feed probably is up from 5 to 10 percent as a result of higher feed prices and greater numbers of livestock to be fed.

The cost of hired labor is about 10 percent greater in 1944 than last year. Although employment of hired labor has been lower than 1943, wage rates have been materially higher. The value of perquisites may not be greatly changed as prices of farm products used for home consumption have been slightly higher in 1944 than in 1943, on the one hand, while the number of farm laborers receiving perquisites has been somewhat lower on the other hand.

Net Income

Net income to farm operators in 1945 probably will be 10 to 15 percent lower than in 1944. Value of home consumption as well as rental value of operators dwellings will be down slightly, and, when added to cash receipts from farm marketings, gross income may be 5 to 10 percent below 1944.

This year net income is not expected to be very different from 1943, though a slight increase may occur as gross income may show a little larger increase than expenses.

H. C. NORCROSS, BAE

FARM LIVING COSTS

THE amount of money available from current operations for farm family living in 1945, after payment of taxes, may not be as great as in either 1943 or 1944, but probably will be more than in 1942. In addition, farmers will have a large amount of savings to draw on which have been accumulating rather rapidly during the past 4 years. Bank deposits of farmers in the United States on January 1, 1944, of about 6.5 billion dollars were more than double the amount on January 1, 1929. It is also estimated that cash on hand during 1944 was nearly half as great as bank deposits. It is probably safe to assume that accumulated savings on hand in 1945 will be even greater than in 1944. Many farmers are thus assured of ample ability to satisfy their needs if supplies are available.

Many types of household equipment, unavailable or obtainable only

in cases of special need in 1944, may become available in 1945. They include such items as radios, washing machines, sewing machines, vacuum cleaners, mechanical refrigerators, water heaters, and electric fans. While production of automobiles will increase, it cannot be expected that supplies will be sufficient to meet the demand.

The question of how farm families live in 1945 probably will depend more on the speed of reconversion to peacetime conditions than on the financial status of farmers. If output of goods needed for farm living appear on the markets early in the year and production increases rapidly, living conditions on many farms undoubtedly will improve substantially.

H. C. NORCROSS, BAE

Buy War Bonds

Prices of Farm Products

Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State.

	5-year average		October 1943	September 1944	October 1944	Parity price October 1944
	August 1909-July 1914	January 1935-December 1939				
Wheat (bushel).....dollars--	0.884	0.837	1.35	1.35	1.42	1.50
Corn (bushel).....do.....	.642	.691	1.07	1.16	1.13	1.09
Oats (bushel).....do.....	.399	.340	1.744	.642	.659	.678
Rice (bushel).....do.....	.813	.742	1.74	1.60	1.70	1.38
Cotton (pound).....cents--	12.4	10.34	20.28	21.02	21.25	21.08
Potatoes (bushel).....dollars	.697	.717	1.28	1.47	1.42	1.23
Hay (ton).....do.....	11.87	8.87	13.70	14.70	15.20	20.20
Soybeans (bushel).....do.....	2.96	.954	1.80	1.93	2.04	³ 1.63
Peanuts (pound).....cents--	4.8	3.55	7.05	7.51	7.71	8.16
Apples (bushel).....dollars--	.96	.90	2.08	2.06	2.05	1.63
Oranges, on tree, per box.....do	⁴ 1.81	1.11	2.61	2.90	2.70	³ 1.99
Hogs (hundredweight).....do	7.27	8.38	14.00	13.60	13.80	12.40
Beef cattle (hundredweight).....do	5.42	6.56	¹ 11.10	11.60	11.60	9.21
Veal calves (hundredweight).....do	6.75	7.80	¹ 13.00	12.90	12.90	11.50
Lambs (hundredweight).....do	5.88	7.79	12.20	12.10	12.20	10.00
Butterfat (pound) ⁵cents--	26.3	29.1	50.8	50.2	50.3	⁶ 46.1
Milk, wholesale (100 pounds) ⁵dollars	1.60	1.81	3.32	¹ 3.27	⁷ 3.34	⁶ 2.90
Chickens (pounds).....cents--	11.4	14.9	24.6	23.7	23.8	19.4
Eggs (dozen).....do.....	21.5	21.7	45.2	35.5	38.8	⁶ 43.6
Wool (pound).....do.....	18.3	23.8	¹ 40.6	41.0	40.3	31.1

¹ Revised.

² Comparable base price, August 1909-July 1914.

³ Comparable price computed under sec. 3 (b) Price Control Act.

⁴ Comparable base price, August 1919-July 1929.

⁵ Does not include dairy production payments made directly to farmers by county AAA offices.

⁶ Adjusted for seasonality.

⁷ Preliminary.

LIVESTOCK

DOMESTIC demand for meat in 1945 is expected to be almost as strong as in 1944. Even though consumer income will decline following the termination of the war in Europe, consumer expenditures for meat are not likely to decline as much as income.

Meat production in 1945 will be about 2 billion pounds smaller than the record 1944 output of over 24½ billion pounds (dressed weight), and probably will continue at about the 1945 level in 1946. But this level will be considerably higher than in the pre-war (1935-39) average output of 16 billion pounds.

Any decrease in demand for meat in 1945 probably will be about offset by the decrease in supplies, with prices likely to hold close to ceiling levels. But, meat prices generally may decline in 1946. The severity of this decline will depend largely on changes in consumer purchasing power resulting from shifts toward a peacetime economy, and on the extent to which military procurement, particularly of beef, may be reduced.

Hogs

The pig crop in 1943 reached the extremely high level of 122 million head. In 1944 the pig crop was reduced to about 88 million head, but was still the third largest on record. Present indications point to a 1945 pig crop of approximately the same size as in 1944. Pig crops in pre-war years, prior to the extreme droughts of 1934 and 1936, averaged about 78 million head annually.

Because of the time lag between the farrowing of pigs and the marketing of finished hogs, hog slaughter was larger in 1944 than in 1943. Approximately 95 million hogs were slaughtered in 1943, with about 97 million expected to be slaughtered in 1944. There will be about 20 percent less slaughter in 1945 than in 1944.

Hog prices were below ceiling levels

for a considerable period in 1944, reflecting the heavy marketings in the first 6 months of the year. With a much smaller supply of hogs to be marketed during the next 12 months, prices probably will be at or close to ceiling levels during most of the period. Some decline in hog prices may occur in the 1945-46 hog marketing year.

Beef Cattle

The number of cattle and calves on farms and ranches at the beginning of 1944 probably reached a peak in the cattle numbers cycle. Numbers are expected to be slightly lower on January 1, 1945, than a year earlier, and probably will decline for several years. Accompanying this decline, at least during the next 2 or 3 years, slaughter will continue at a high level as breeding stock is reduced. Total slaughter of cattle and calves in 1944 is now indicated at close to 34 million head, a new record.

Prices of both cattle and calves averaged slightly lower in 1944 than in 1943, reflecting an increased proportion of heavy calves and lower-grade cattle in total marketings. The 1945 prices for cattle and beef, as well as calves and veal, are likely to remain at 1944 levels, but may decline in 1946 if consumer income and military purchases are substantially reduced. Insufficient beef and veal supplies to meet civilian demand at ceiling prices will probably continue in 1945, despite a smaller gap between supply and demand.

The spread between prices of well-finished cattle and feeder cattle was unusually wide in the summer and early fall of 1944. The present outlook is for a considerably larger market supply of grain-fed cattle in the second half of 1945 than in the second half of 1944. High prices of better grade cattle probably will continue for several months, but may decline as market supplies increase in 1945.

Sheep

Slaughter of mature sheep was unusually large in 1943 and, though some-

what reduced, continued large in 1944. The number of breeding ewes on farms and ranches declined from 37.7 million at the beginning of 1943 to 35.1 million at the beginning of 1944. The number will be further reduced by January 1, 1945, possibly by 2 million head. This declining trend has been brought about largely by more profitable returns from other enterprises, accompanied by scarcity and high cost of labor for handling sheep, and, in the native-sheep States, more intensive use of land. Numbers of breeding ewes may stabilize at the reduced level in 1945, with a smaller lamb crop than in 1944 probable next year. Slaughter of sheep and lambs in 1945 is expected to be 10 to 15 percent less than in 1944. Prices of slaughter sheep and lambs are likely to be maintained near 1944 levels.

The number of breeding ewes on farms and ranches January 1 ranged from 35 to 38 million head during the years 1930-44. A reduction to about 33 million head by January 1, 1945, as

now seems likely, will be a price-supporting factor for sheep, lambs, and wool in the next 2 or 3 years. However, world wool stocks are now very large, and demand for lamb and mutton is likely to decline with the drop in consumer income after the conversion from war to peace.

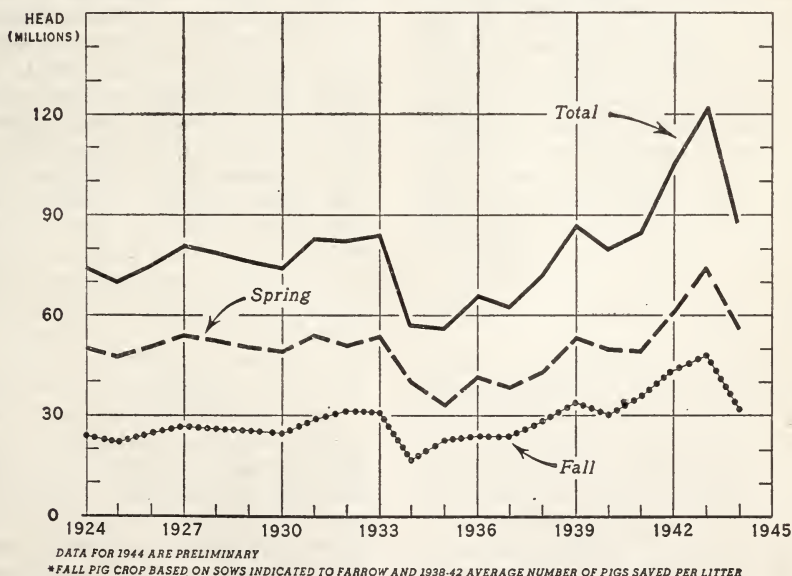
R. M. WALSH, BAE

DAIRY PRODUCTS

A 119 billion-pound milk output is expected in 1945 if unit returns to dairy farmers, including dairy production payments, are kept at about 1944 levels. This would equal the record output of 1942 and exceed the indicated 1944 production by about 1 billion pounds. With 1 to 1½ percent more cows on farms and the same rate of production per cow as in 1944, attainment of this record is possible.

Because little if any decline in fluid milk and cream consumption is ex-

SPRING, FALL, AND TOTAL PIG CROPS, UNITED STATES, 1924-44



pected, the 1945 prices received for whole milk sold at wholesale may not be much different from 1944 prices. The farm price of butterfat, however, which has remained fairly steady for the past two years, probably will show little change.

During 1944, about one-sixth of the 121 billion-pound total milk supply (production plus change in inventory position) went into noncivilian channels. About one-fifth of the butter supply, almost one-half of the evaporated and condensed milk, and about one-third of the cheese supply were used for military and export purposes. It is estimated that if there had been no restrictions on civilian consumption during 1944 the total production of various manufactured products, in addition to the fluid milk and cream sold, could have been absorbed by civilians at prevailing prices.

Civilian Demand

The 1945 aggregate civilian demand for dairy products is expected to exceed available supplies at prevailing prices even with reduced military and lend-lease purchases. Allowing for a moderate decline in income during 1945, it appears that civilians could consume at present prices approximately the following quantities of dairy products on a per capita basis—about 411 pounds of fluid milk and cream, at least 16 pounds of butter, 7 pounds of all cheese, and probably somewhat over 20 pounds of evaporated and condensed milk. This would mean about the same quantity of fluid milk and cream as in 1944, but increases in the consumption of manufactured products.

But the quantities of dairy products available to civilians in 1945 probably will not be sufficient to meet all of these requirements. A slight decline in the production of creamery butter may continue, but this would be partly offset by increases in the manufacture of whole milk products, especially dried whole milk and evaporated milk. With a continued strong non-

civilian demand, supplies of principal manufactured dairy products, especially butter, probably will still fall short of meeting civilian needs. But supplies probably will be about sufficient to satisfy the civilian demand for fluid milk and cream.

Feed Supply

In view of the record corn crop and a decline of about 13 percent in grain-consuming animals in 1945 from 1944, feed supplies appear ample for dairy producers. The amount of grain available for grain-consuming animals is estimated to be 1.06 tons per animal unit, slightly below the record in the 1942-43 season. If returns received by dairy farmers remain about the same in 1945 as in 1944 a favorable dairy feed-price ratio compared with a long-time average could be expected.

GERSON LEVIN, BAE

POULTRY AND EGGS

FARM EGG production in 1945 may decline 8 to 12 percent below 1944 output because the number of layers on farms January 1, 1945, is expected to be 7 to 10 percent below January 1, 1944, numbers. During 1944, egg production on farms reached a new record of 4.7 billion dozen, 4 percent above the previous record of 1943 and 55 percent above the 1935-39 average production. Despite the expected decline in production more eggs probably will be available for civilians in 1945 than in 1944, when the per capita consumption reached a record, now indicated at 347 eggs. This may result because of significant declines in lend-lease requirements for dried eggs.

Prices received by farmers for eggs in 1945 will be slightly lower than in 1944 because more eggs will be available in domestic channels. But because eggs are a "proclaimed" commodity under the Steagall amendment, heavy price declines are not anticipated. During 1944 the price received by

farmers probably will average about 33.8 cents, 93 percent of parity.

Chickens

Production of chickens, excluding broilers, may be appreciably less in 1945 than in 1944 because of a reduced number of layers on farms at the beginning of the year. Since 1945 egg prices may be lower than in 1944, especially during the first quarter, the egg-feed ratio may be less favorable. This will probably result in a fewer number of chickens raised in 1945 than the 746 million head raised in 1944. But with a relatively strong demand for chicken meat expected, prices may not decline much from the high levels of 1944, when the average price received by farmers was about 24 cents, 124 percent of parity. Partly offsetting some of the decline in chicken production, however, will be an increase in broiler production due to easier feed supplies.

Turkeys

Turkeys raised in 1944 were a record 35.7 million head, equivalent to about one-half billion pounds dressed weight. An increase in production in 1945 is probable because of high returns during 1943 and 1944 and generally abundant feed supplies. Even with lowered military takings, prices received by producers may not be much different in 1945 than in 1944. Civilian demand for turkey was not fully satisfied in 1943 and 1944, partly because of large military purchases. Turkey consumption prior to the war was on the upturn and this trend probably will continue.

GERSON LEVIN, BAE

FEED

THE feed supply outlook for the Nation's livestock has been materially improved by another season of generally bounteous feed crops combined with a downward adjustment in livestock numbers during 1944. The 1944 season was the eighth consecutive year

of generally favorable weather for crop production.

Total feed concentrate supplies for 1944-45 will be somewhat smaller in volume than in 1943-44, but will be the third largest on record. This supply, on a per animal-unit basis, will be considerably larger than in 1943-44, and slightly larger than the average supply for the five crop years, 1938-42, when reserves were accumulated.

Feed Grains

With numbers of grain-consuming animals being reduced in 1944, the 1944-45 domestic supply of corn, oats, barley, and grain sorghums (which normally constitute about 80 percent of the total feed concentrate supplies each year) is indicated to be 13 to 15 percent larger per animal unit than in 1943-44. Feed requirements will be smaller in the 1944-45 feeding year than in 1943-44, because of fewer numbers of livestock on farms, but the rate of feeding per animal is expected to be high. Feed grain reserves are expected to be built up to some extent in 1944-45 from the 10.8 million tons reached at the end of 1943-44.

Deficit-producing areas will encounter less difficulty in obtaining feed supplies in 1944-45 than in 1943-44. Locally produced feed grain supplies for 1944-45 are about 9 percent smaller than a year earlier in the East North Central States and slightly smaller in the Western States, but about 2 percent larger in the West North Central, South Atlantic, and South Central States, and almost 11 percent larger in the North Atlantic region.

The quantity of wheat to be fed in 1944-45 will depend to a large extent on Government policies dealing with purchases and sales of wheat for feed. Present prospects are that little more than half as much wheat will be fed to livestock during 1944-45 as in 1943-44.

Feed-grain production this year is at near-record levels, but with the carry-over the smallest in 5 years, acreage planted for 1945 production probably will not change greatly from the relatively large 1944 acreage.

increased bearing capacity of planted trees, and good care of orchards. Further increases in production, particularly of citrus fruits, are likely.

A record large production of fruit was achieved in 1944—approximately 16 million tons. The new 1944-45 citrus crop, despite hurricane damage in Florida, is now expected to be between last season's record output and the previous record crop in 1942-43. However, the prospective crop of early and midseason oranges, which provide most of the marketings from October through April, and the grapefruit crop are each about one-sixth smaller than the preceding crops.

Aggregate production of the eight major deciduous fruits in 1944 is estimated to be about 20 percent larger than in 1943 and about 8 percent larger than the 10-year (1933-42) average. The 1945 crop of these eight fruits may be slightly smaller than the 1944 crop if average growing conditions prevail. From the above it may be seen that there is expected to be a continuing large supply of fruit during the 1944-45 season and perhaps also throughout the calendar year 1945. In addition, large supplies of tree nuts should be available from this year's well-above average crops.

Prices

Prices received by farmers for fruit during the 1944-45 season are likely to average slightly lower than prices during the preceding season, which in general were more than twice the 5-year (1935-39) average. Prices for this year's large crop of deciduous fruits are averaging slightly lower than comparable prices last year, and for the apples, pears, and grapes remaining to be marketed probably will rise seasonally. Prices for new-crop oranges and grapefruit are likely to average slightly higher this fall and early winter, reflecting decreased supplies from Florida because of hurricane damage, but 1944-45 prices for the whole season may average no higher than last season.

The prospective large production of fruits and nuts in the early post-war years is expected to face a condition of greatly reduced Government requirements and smaller civilian demand. This will require a broadening of markets and uses. A resumption of exports of apples and pears should be possible. At the same time, increased imports of bananas and other fruits may be expected and thus provide more competition for the consumer's food dollar. Furthermore, materials and equipment should be available to can and freeze an increasing proportion of the fruit crops. If this can be done at a lower cost per unit of product, new market outlets as well as old ones should be reached throughout all seasons of the year. Nevertheless, production of fruit, particularly citrus fruit, is likely to outstrip demand for it at present price levels, leading to sharp downward adjustments in prices.

B. H. PUBOLS, BAE

VEGETABLES

THE farm price peak for commercial truck crops for fresh market during World War II was reached in 1943 when demand was high and the volume of production was about the same as the 5-year (1935-39) average. In 1944, although demand continued at a high level, truck crop prices declined to an average about 10 percent below the 1943 high because of the record large crop. The 1944 production of fresh market truck crops was about one-fifth larger than the 5-year (1935-39) average. A record large volume of production was established in three of the four marketing seasons during 1944. An early end of the war in Europe will probably result in a considerably downward adjustment of truck crop prices in 1945.

The long-time trend of the per capita consumption of fresh vegetables has been upward. But if the European war is over this winter and if larger

supplies of processed vegetables become available for civilians, the demand for fresh market vegetables could be expected to be somewhat lower in 1945 than the record high of 250 pounds per capita consumption in 1942 and 1944.

Truck Crops for Process

Production of commercial truck crops for processing in 1944 is nearly 60 percent larger than the 5-year (1935-39) average, a result of larger Government requirements of canned vegetables for war purposes. Between 30 and 40 percent of the 1944 total pack of canned vegetables will be required for noncivilian uses. If the war in Europe ends by next spring, it is probable that noncivilian requirements may represent no more than 25 to 30 percent of the total 1945 pack. Farm prices for truck crops, even though lower for some of them, will probably be well maintained in 1945 but may decline a little in 1946.

Some adjustments will be necessary in the post-war period as a result of the large expansion in the production of commercial truck crops for processing. An expected greater use of frozen vegetables and a possible increase in the rate of consumption of canned vegetables resulting perhaps from greater efficiency in processing and possible lower product prices may not necessitate a reduction in the acreage of commercial truck crops for processing to a level as low as the pre-war average.

Potatoes

The 381-million-bushel crop of potatoes in 1944 is the second largest since 1934. Potato prices to growers during the winter months of 1945 may tend to approximate ceiling levels though dependent upon the rate of civilian consumption and the utilization of the 303 million bushel 1944 late crop. Assuming the present estimates of high noncivilian requirements, civilian per capita consumption for the 1944-45 season is expected to be about as low as any year on record.

Requirements for potatoes during 1945 are expected to be around 400 million bushels. An acreage in 1945 as large as that planted in 1944 would, with average yields, result in a crop of around 390 million to 400 million bushels. With lower consumer incomes such a crop could be expected to result in a lower price to growers than they will receive for this year's crop. According to present legislation, however, this price would be at least 90 percent of parity. If the general price level is lower during the marketing season of next year's crop the parity price would also be lower than that existing this year.

Sweetpotatoes

Prices to growers for sweetpotatoes during the winter season of 1945 are expected to average lower than a year earlier. This year's crop is larger than last year's in some of the important shipping States, including Virginia, Maryland and New Jersey. The total 1944 crop of 73.5 million bushels is 9 percent larger than the 5-year (1935-39) average. In the post-war period prices for sweetpotatoes probably will average somewhat below present high levels, but no material reduction in acreage appears necessary.

Dry Beans

The expected 1944 dry bean crop of 17.1 million 100-pound bags is 19 percent smaller than the 1943 crop, but 13 percent larger than the 10-year (1933-42) average. Prices for the 1944 crop probably will continue to reflect the support price level. It is expected that the Government requirements will represent nearly two-fifths of the total 1944 crop. While the 1945 demand for dry beans may continue at approximately the present level, a lower post-war demand can be expected necessitating some reduction in acreage.

Dry Field Peas

The 8.9 million-bag (bags of 100 pounds) crop of dry field peas for 1944

than that for any other season since 1936-37. During coming months exports will of course be limited and so the carry-over on August 1, 1945, will probably be slightly larger than a year earlier.

Domestic Consumption

Monthly domestic consumption has continually declined since the peak annual rate of nearly 12 million bales was established in April 1942, with last season totaling slightly under 10 million bales. Despite some recovery in the fall months, consumption in 1944-45 may be somewhat smaller than last season.

Demand for cotton textiles is such that substantially larger quantities could be readily absorbed. This unfilled demand plus any increased demand which may arise for textiles for exports will go far, at least for a time, toward offsetting reduced military requirements following VE-Day. Consequently, cotton consumption seems unlikely to slump during the current season for lack of a sufficiently strong demand for cotton textiles at ceiling prices.

Exports

American cotton will face even keener than normal competition in foreign markets, particularly as ocean shipping space becomes more plentiful. The August 1 world carry-over of foreign cotton totaled nearly 14½ million bales, compared with slightly more than 12½ million in 1943 and 7½ million in 1939. As most of this cotton is held in exporting countries, export outlets will be sought as soon as conditions permit. The recently enacted surplus disposal bill, which authorizes the sale of American cotton for export at world prices, improves American cotton's competitive position abroad, although the effect on United States exports after shipping becomes available will be lessened because import interests already have acquired title to considerable foreign cotton. The 1945 world carry-over is likely to be somewhat higher than the

25½ million bale carry-over in 1944, itself 1¼ million bales larger than the carry-over a year earlier and over 4 million bales larger than in 1939.

Although Allied armies have already liberated areas where cotton textile production was important before the war, the amount of cotton these mills import will be limited by the mechanical condition of the mills, the adequacy of the supply of labor and power, the supply of capital available, the lag experienced in acquiring repair parts, raw cotton, etc., and the extent to which the extremely high level of synthetic fiber production is continued. Consequently, while exports of American cotton are expected to be larger this year than last, it seems unlikely that they will exceed 2 million bales.

Prices

With cotton being purchased at parity prices by the War Food Administration, producers are assured a favorable return for their 1944 crop. The crop as estimated in October would, if the price averaged 21.08 cents per pound (the present parity price), have a value of 1¼ billion dollars. This is about 11 percent higher than in 1943 and the highest since 1928, assuming September prices to be the same as for the entire season. Gross return per acre from marketing both lint and seed this season of about \$72.58 is 173 percent above the 1909-14 average and 5 percent above the previous high reached in 1919. Because of cotton support prices and the prospect of little decline in parity, a favorable gross per-acre income situation may be expected to prevail next season unless yields fall greatly.

Although the outlook for the next year or two is for especially large gross farm returns from cotton, certain highly important unfavorable factors in the long-time outlook should not be overlooked. Domestic rayon consumption during the past 10 years has increased from a ratio of 1 pound of rayon for each 14 pounds of cotton in 1933 to 1 pound for each 8 pounds of cotton in 1943, and important gains

in rayon and other synthetic fibers are expected to continue during the next several years. At the same time, American cotton will meet increased competition in foreign countries both from synthetic fibers and from foreign cotton.

Foreign rayon production in 1942 was equivalent to roughly 6¼ million bales of cotton compared with only 1 million bales in 1932. In 1943-44 the total supply of foreign cotton, of nearly 27½ million bales, was 8¼ million bales larger than 10 years earlier compared with the peak foreign mill consumption of only 22¼ million bales in 1936-37.

H. G. PORTER, BAE

WOOL AND MOHAIR

MILL consumption of wool in the United States in 1945 probably will be somewhat below the 1944 consumption of about 1 billion pounds (grease basis). Civilian demand and requirements for relief and rehabilitation are not likely to fully offset the decline in military orders after VE-Day. Consumption in the early post-war period, however, probably will be considerably larger than the pre-war annual consumption of close to 600 million pounds, and exceed domestic wool production by possibly 300 to 400 million pounds.

Offsetting the favorable demand outlook, however, is the fact that large stocks of wool have accumulated in the United States and in foreign producing countries during the war years. The carry-over of wool in the United States on April 1, 1944, excluding British-owned wool, totaled close to 750 million pounds, about 2¾ times as large as the 1935-39 average. The 1944 carry-over in Southern Hemisphere producing countries was about equal to a full year's production in those countries. By the time the war ends the world carry-over of apparel wool may be possibly 3 times as large as the pre-war average despite

the small stocks in Axis-controlled areas.

Even with a reasonably rapid recovery in world consumption it will take considerable time before this war-time accumulation of world stocks can be used up in view of the probable quantities of wool and synthetic fibers to be produced. United States and British Government policies probably will be the dominant factor in the domestic and foreign wool price situation after the war as most of the carry-over will be owned by these Governments.

Prices of domestic wools are now being supported at a considerably higher level than prices of comparable foreign wools by the Government purchase and sale program. This is conducive to large imports as mills are purchasing domestic wools only where specified for Government orders. Under these conditions stocks of domestic wool are likely to accumulate at a rapid rate as military orders drop, unless some means can be found to restore a more normal relationship between prices of domestic and imported wools.

Mohair

The domestic outlook for mohair for 1945 and the early postwar period appears favorable. Resumption of automobile production will stimulate demand for this fiber. Prior to the war, 65 percent of the mohair used in this country went into the manufacture of auto upholstery fabrics. The large stocks which accumulated with the conversion of the automobile industry to war purposes in 1942 have been absorbed by other civilian uses so that July 1, 1944 stocks of 8 billion pounds were only about one half as large as in 1942. Mohair prices have been at ceilings since midsummer 1943. As prices of mohair have not increased nearly as much as prices of most textile fibers during the war, they seem likely to continue at present levels, or higher.

F. M. HAMILTON, BAE

SEED

SUPPLIES of legume and grass seeds, including winter-cover crop (but not lespedeza seed for which no production forecast has been made this year) total about 800 million pounds of clean seed, approximately the same as last year. Generally speaking, supplies of red clover, timothy, brome-grass, and crested wheatgrass are more than ample to meet expected 1945 requirements. On the other hand, supplies of alfalfa, alsike clover, sweet-clover, and white clover are relatively short.

Although supplies of redtop and bluegrass are below average, it is believed that they will be adequate for domestic requirements and still leave some for export. This somewhat anomalous situation arises from the fact that consumption of the major grass seeds in this country during the last 2 years fell about 12 percent below the 5-year (1937-41) average. (Consumption of alfalfa and the clovers fell off even more—21 percent.) The bulk of the orchard grass and meadow-fescue seed crops will be exported, as in the last 3 years.

Although 1944 production of alfalfa and clover seed (excluding crimson clover) as a group is 22 percent larger than last year, principally because of the large red clover crop, production of alfalfa, alsike clover, and sweet-clover is smaller than usual, with carry-over of these seeds below average. The increased production of Sudan grass, crested wheatgrass, and brome-grass more than offsets the smaller crops of timothy, redtop, and blue-grass. The 1944 production of winter-cover crop seeds is about a third less than 1943, mainly because the Austrian, Winter pea crop is down two-thirds.

Even though prices to seed growers have been high and production has been stimulated by the Agricultural Conservation Program—which provides for seed-price supports as well as acreage and poundage payments for harvesting badly needed seeds—production of nearly half of the legume

and grass seeds this year is 20 percent or more below the goals. Because growers are receiving higher prices for many seeds this fall than last, farmers may again expect to pay relatively high prices for seeds in the spring of 1945.

With a large carry-over of many vegetable seeds and record crops in prospect this year, supplies of nearly all kinds of these seeds will be more than ample to meet estimated domestic and export requirements in 1945. Commercial vegetable-seed growers have increased their production at a faster rate than consumption has increased. It is expected that they will plant smaller acreages of several kinds of vegetable seeds in 1945.

G. C. EDLER, BAE

SUGAR

SUGAR supplies in the United States are likely to remain relatively short so long as (1) the United States is unable to obtain sugar from the Philippines, (2) the sugar-beet crops in this country remain much smaller than in pre-war years, (3) Europe's need for imported sugar is abnormally large, (4) the demand for sugar in the United States remains at its present high level.

Total supplies available to the United States for use as food for the crop year beginning October 1, 1944, are not likely to be any larger than they were for the 1943-44 crop year.

The combined out-turn of continental cane and beet sugar from the 1944 harvests is likely to be only a little larger than last year's very short production. The 1944 acreage of sugar beets is slightly larger than the 1943 acreage. The Cuban crop to be ground in the early months of 1945 will be considerably smaller than the unusually large crop ground in 1944. However, the equivalent of 901,000 tons of raw sugar from Cuba's 1944 crop was used to produce invert molasses for manufacturing industrial

alcohol for use in synthetic rubber production. If all the necessary alcohol for the coming year can be obtained from other sources, the amount of Cuban sugar available for food uses in 1945 may be about the same as it was in 1944. Also, the 1944-45 cane crop in Puerto Rico may be somewhat larger than the unusually small 1943-44 crop.

Offsetting any increases in the size of crops to be harvested is the considerable reduction in the stocks of sugar in the United States which occurred during the 1943-44 season. Mainland sugar stocks on August 31, 1944, amounted to only 716,000 tons, raw value, as compared with 1,170,000 tons a year earlier. Further reduction in stocks is not feasible if sugar is to move through trade channels in anything like a normal manner.

Also, the European demand for sugar from the Caribbean Islands probably will be stronger in 1944-45 than it was in the previous year. Some of the recently liberated countries obtained part of their supplies from this area in pre-war years. Reduced sugar beet production in Europe in 1944 may make their need for Caribbean sugar even greater than usual.

During the first 9 months of 1944 civilian sugar consumption in the United States, plus military use and exports, has been maintained at a slightly higher level than in 1943 or the pre-war (1935-39) average. Total distribution by primary distributors from January through September 1944 amounted to 5,605,000 tons (raw value) compared with 5,244,000 tons during the first 9 months of 1943 and 5,257,000 tons for the pre-war (1935-39) average.

R. A. BALLINGER, BAE

MARKETING

RECONVERSION of processing and marketing facilities to a peacetime status may get well underway in 1945, with the prospect of a shift from shortages to surpluses of

some commodities. As war contracts are cut back it will be generally the function of private marketing agencies rather than the Government to make the necessary shifts to peacetime production.

In many cases, such as the meat packers who have been producing special meat products for the armed forces and will have to shift back to commodities for civilian use, reconversion will rest largely with industry. In others, where Government funds have been used in building plants, reconversion will be dealt with cooperatively by the Government and private agencies.

Marketing Adjustments

Government commitments to support prices of important farm products for 2 years after the war is essentially a marketing job. In many cases direct market operations may be necessary, including purchasing, storing, transporting, and resale; in others indirect measures, such as loans and marketing agreements, will be appropriate.

Disposition of wartime regulations affecting the marketing of farm products will have to begin during 1945. The timing and character of such action will be important in relation to the problems of price support and expansion of civilian consumption. Some confusion is inevitable in making such adjustments, and in some instances new legislative authority may be required.

Adjustments of marketing equipment and personnel to a peacetime basis will encounter relatively less difficulty than in many other war industries. Similarity of most war foods to those used in peacetime made "retooling" unnecessary, and because of large capacity relatively few additions to plants had to be made. The transition period promises to be featured by adjustments to the technological progress in food processing and packaging which was greatly accelerated by the war. A virtual revolution in the marketing of perishable agricultural commodities in the several

decades following peace can be safely predicted.

Dried Milk and Eggs

The problem of how to reconvert our dairy manufacturing enterprises to a peacetime basis may be acute before the end of 1945. With the production of dried whole milk and nonfat dry-milk solids now amounting to 800 million pounds compared to a pre-war figure of about 275 million, the possibility of a substantial reduction in noncivilian requirements points to the danger of possible large surpluses. With the quality of dried milk improved, an attempt might be made to increase consumption of dried whole milk, and thus the reconversion of some of the manufacturing capacity would be unnecessary.

With the bulk of the huge wartime increase in egg production going for military and lend-lease requirements, egg disposal may be one of the most acute marketing problems in 1945. Dried whole eggs have absorbed about 17 percent of the 1944 egg production, with stocks of dried eggs, both in this country and abroad, now very large. The repercussions on egg markets certain to accompany curtailment of dried egg production point to the need for exploring possibilities of increasing domestic consumption and export markets by taking advantage of the economies and relative ease of storing and shipping dried eggs.

The status of the fruit and vegetable processing industry will likewise be sharply affected by ending of the war in Europe. With a substantial decline in noncivilian demand, which now absorbs about one-half of the greatly increased wartime output, the problem of disposing of accumulated supplies and succeeding packs will become more difficult. Serious difficulties will face vegetable dehydration plants, which will be forced to operate on drastically reduced volume while hesitating to switch to canning because of the prospective over-all drop in demand for canned goods even though civilian demand increases. It has been

suggested frequently that the most favorable outlet for the products of some of these plants would be frozen vegetables. However, it should not be assumed that an unlimited immediate post-war market for frozen foods exists. Time will be required to build up the required storage, transportation, and new distributing equipment and services necessary for the tremendous expansion of the industry which seems assured during the post-war years.

Marketing Margins

Slight increases over 1944 in marketing charges for farm products appear likely in 1945. This is anticipated because of the possible changes in various Government wartime controls, particularly those affecting prices, margins, wage rates, Government subsidy payments to marketing agencies and producers, and the compulsory simplification of marketing services such as the restriction on fluid milk deliveries.

The level of food marketing charges is closely associated with the levels of prices paid by consumers and received by farmers. Following the food price roll-back by OPA beginning June 1943, retail cost of farm food products have been held well below the high levels reached during the spring of 1943 when the maximum was \$484 for the market basket in May. The market basket represents average annual quantities purchased per family of three average consumers during the pre-war period 1935-39. For the first 8 months of 1944 total marketing charges averaged \$230. This total charge was made up of \$218 representing the spread between retail cost to consumers of \$455 and payments to farmers of \$237 plus \$12 of Government payments to food processors and other marketing agencies.

It is improbable that food prices would be permitted to exceed that level during 1945 unless there is an appreciable advance in wage rates. During the last 4 years average income per person in the United States has ad-

vanced much more rapidly than the level of retail food prices.

The farmer's share of the consumer's dollar spent for farm food products at 52 cents in 1943 was the highest on record even exceeding the World War I record high of 51 cents in 1918. A recent high point in the farmer's share was 54 cents in March 1944, declining to 51 cents in June and July. If Government payments to marketing agencies were shifted to farmers in terms of lower prices paid to them, the farmer's share would be reduced about 2 cents.

C. C. CURTISS AND R. O. BEEN, BAE

TRANSPORTATION

TRANSPORTATION in 1945 probably will be tight and may even be critical. Problems of distribution, over-age cars and locomotives, and unloading handicaps due to manpower shortages will continue. While the end of the European phase of the war will ease the car supply situation, it will place more of an operating burden on transcontinental lines, particularly those in the west and mid-west.

Railroads

The supply of boxcars, particularly the higher grade types, has been short for some time, with the supply during this past October peak 5,299 less than the 723,664 boxcars available a year earlier. This short supply was felt last month when the pressure of the heavy grain harvest in the Northwest and grain sorghums in the Southwest created a heavy demand for boxcars in those areas at the same time that the requirements for cars for the movement of war materials was running high.

Total demand for refrigerator cars is now greater than the supply, the 136,000 cars available this past October peak being 2,000 less than a year ago. Interstate Commerce Commission orders have limited the use of refrigerator cars for certain semiperish-

able freight. The War Food Administrator is strongly recommending that more new refrigerator cars, in addition to the 1,800 already scheduled, must be constructed in 1945 for replacements. It is estimated by the War Food Administration that refrigerator-car demands in 1945 may increase over 1944 by 2,500 cars per month.

The power situation is more favorable. Last October there were approximately 35,930 serviceable locomotives compared with 33,220 in October 1943 and qualitatively the locomotive situation should be some better than the increase in numbers would seem to indicate.

Although the 142,000 tank cars available this past October 1944 was about 200 more than a year earlier, the percentage of unserviceable cars has been increasing, with the result that the number of available cars in 1945 will be but a little above that of 1944. In addition, the tank-car supply situation will depend upon the ocean tanker supply during 1945.

The shift from coastwise and inter-coastal shipping to the railroads early in the war is not expected to change in 1945.

Trucking

Large numbers of trucks are wearing out and cannot be replaced immediately, with registrations declining from 4,876,054 in 1941 to a possible 4,250,000 in 1945. Of those now on the road, many are in such poor repair that long or regular trips are impracticable. Average load per truck has been stepped up, however, from 2.92 tons per truck in 1940 to 3.83 tons in 1943. Consequently usable trucks have accepted a considerable part of the increased volume of traffic. It is estimated, however, that the proportionate total volume has been showing a decrease since 1942.

The heavy-duty tire situation is the most serious problem in trucking, with synthetic rubber tires being less satisfactory for heavy-duty service than for use on lighter trucks. The shortage

of truck drivers and mechanics is unfavorable. The inability to obtain repair parts, except possibly heavy castings and forgings, does not generally seem to be as critical a problem as in recent months, but there will be delays in making replacements because of the shortage of mechanical service.

Water Transport

Ratios of construction over sinkings have steadily increased, with the United States merchant fleet now rapidly approaching 4,000 vessels. The submarine menace appears largely over and our shipping has been supplemented by additions from Italian and other liberated fleets. Also, it is now possible to ship to the East by way of the Mediterranean and the Suez Canal. Turn-around time has been stepped up, and various space-saving practices have been adopted.

In spite of these favorable factors, there has been no surplus of ships nor is there a prospect of a surplus in the near future, according to the War Shipping Administration. The task of rehabilitating Europe, returning demobilized armies, and continuing the war in the Pacific will all place a heavy burden on ocean shipping even if the war in Europe should end soon.

More boats are now available for grain and ore shipments on the Great Lakes than was the situation in 1942 and 1943. Also, considerable new barge capacity was constructed during 1943 and 1944.

Livestock Transportation

The reduced hog supply will ease the demand for motortrucks in the Corn Belt States in the fall and winter of 1944-45. In general, the reduced number of motortrucks is expected to be adequate for both transporting hogs in the Corn Belt and for hauling cattle and lambs to railroad loading points in the range States. The improved efficiency in assembling livestock from farms, the loading of trucks more nearly to capacity, and hauling more loads per week, and other

changes brought about in the past 2 years, are expected to continue. The shortage of tires for heavy-duty trucks should not affect livestock hauling as much as the hauling of some other products. Ninety percent of the trucks that hauled livestock to market in the Corn Belt in 1942 and 1943 were of 1½-ton size and smaller.

H. L. Cook and K. Bjorka, BAE

FARM LABOR

A SOMEWHAT larger supply of farm labor than in 1944 is in prospect for 1945. Some increase in both numbers and quality of farm workers, together with an improved farm machinery supply situation, should enable farmers in many areas to meet 1945 labor requirements with less difficulty than during the past two years.

Labor-Intensive Areas

Some labor-intensive or highly seasonal crop areas, such as specialized grain, sugar, potato, vegetable and fruit areas, however, will continue to experience seasonal farm labor supply problems that can only be met by intensive local recruitment and the utilization of workers from outside the areas. This will be true especially in the Pacific and Intermountain States that require such large numbers of seasonal workers, and where employment in war industries and related activities is expected to remain at a high level with intensification of the war in the Pacific.

Several factors point to some improvement in the farm labor supply situation. Extensive production cutbacks in war industry following termination of the European war undoubtedly will release several million war industry workers. Although a major portion of these released workers may be absorbed in civilian industry through reconversion of war plants to civilian production together with the retirement of many women and older workers from the labor force, the sup-

ply of potential farm workers will probably increase.

The farm labor supply will be increased especially in those areas where war plants are located in former predominantly rural areas because much of the working force of these plants has been drawn from nearby farms and small towns, and should therefore become immediately available for farm work when war industry employment declines. Labor supply problems also may be eased somewhat for intensive fruit and vegetable sections in close proximity to industrial centers where unemployment incident to reconversion might assume significant proportions.

Farm Wages

Farm operators may be in a somewhat better position to compete with industrial employers for workers next year. Farm wage rates are expected to continue near their present high levels in view of a continued high demand for farm labor but farm income is expected to continue at a relatively high level. In addition, a reduction in the length of the industrial work week toward the 40-hour-per-week level would eliminate much overtime pay, with average weekly earnings of industrial workers reduced unless basic wage rates were increased. Thus the spread between farm hired worker earnings and industrial worker earnings may be reduced and the competitive position of farm employers improved. Also, the redistribution of industrial employment, resulting in relatively more workers in "normal civilian" industry, would have the effect of reducing the overall average weekly earnings of industrial workers because war industry wage rates have been much higher.

Partial demobilization of the armed forces may add to the supply of farm labor, although probably not to the extent that cut-backs in war industry production are likely to add to it. The effect that partial demobilization will have on farm labor supply will depend upon the initial date and

rapidity of demobilization and the extent to which returning members of the armed forces make themselves available for farm work. Returning farm boys will add some experienced workers to the farm labor force. However, many released servicemen may wish to take advantage of provisions of the "GI Bill of Rights" and continue their education which was interrupted by war; others may be attracted to non-farm employment or may return to industrial jobs in which they have re-employment rights.

Prisoners of war might be an important source of farm labor for next year, but are uncertain depending upon the date of termination of European hostilities. Foreign workers are expected to be imported in 1945 in such numbers as are needed to assist in areas of critical seasonal labor needs. Programs for recruitment of farm workers in areas of surplus for placement in areas of need are expected to continue.

Emergency Workers

Other emergency farm workers, such as the Women's Land Army and the Victory Farm Volunteers, are expected to be more difficult to recruit after the end of the war in Europe. Special and intensive efforts will need to be made to recruit and route to areas of need workers who become available as a result of war industry cutbacks and partial demobilization of the armed forces. Not only will this be necessary to meet farm labor requirements, but it will contribute to the aim of full employment for all members of the labor force able and willing to work.

Although transportation difficulties will continue as an obstacle, some increase in the number of migratory farm workers is expected.

Considering all factors involved, the level of farm employment is expected to be slightly higher in 1945 than in 1944. In addition, an improvement in the average quality of farm workers is likely since some of the women, children, and older workers may be

replaced by experienced and more physically able workers. Moreover, most of the workers who will likely be employed in agriculture next year will have had at least one to two years, experience in farm work. But problems will arise in many local areas during periods of peak seasonal labor demand.

G. T. BARTON, BAE

FARM MACHINERY

IN GENERAL farmers will have more tractors and tractor equipment available for farm work next year than in any previous year. The period, January 1, 1942, to January 1, 1945, will probably see about a 12 percent increase in numbers of tractors, and tractor tillage and planting machines on farms, while there may be increases ranging from 25 to more than 50 percent for many other machines on farms such as combines, corn pickers, tractor cultivators, and windrow pick-up balers.

Because numbers of farm work animals on January 1, 1945 probably will be about 5 percent less than the number on that date in 1942, even greater percentage decreases are expected for most horse-drawn machines.

The restricted farm machinery production programs of the past three years has resulted in more conservation and less discarding of used equipment than would have been the case had production been less restricted. Hence the number of machines on farms next January 1 will include an appreciable number that normally would have been discarded. For example, it is expected that about 150,000 tractors, or about 7 percent of the number on farms, normally discarded, will be used next year, as will a proportionate number of other machines.

New Machinery Supplies

Supplies of new farm machinery in 1945 should be in better balance in relation to needs than in any year since 1942 even though more machines probably could be sold next year than

are now expected to be available. Many farmers with the resources for replacing obsolete and badly worn equipment may not be able to obtain all the machines they need in the coming season.

Production of new machinery and parts, for the year ending June 30, 1945, is expected to about equal the large output of 1940. And if the European phase of the war should end in the next few months, farm machinery production in the second half of next year would be more than the first half. Thus production during the calendar year 1945 may be higher than any other year except 1941, the previous record production year.

Tractor Production

Farm tractor production, including garden tractors, during the year ending June 30, 1945 probably will amount to about 175,000 units, with prospects for even more production during the calendar year 1945. Production of machines for preparing land, planting and seeding, cultivating, and spraying and dusting will be substantially larger in 1945 than in any year since 1941. Harvesting machines in 1945 again will constitute a larger part of the total machinery production than in pre-war years.

Rationing of farm machines, except corn pickers and crawler tractors, was terminated in September 1944. Because of large military requirements for crawler tractors, the supply for farm use will continue to be extremely limited.

Farm transportation is likely to be the outstanding farm machinery problem in 1945. Motor truck and automobile replacements have been extremely small since 1941, and to keep motor vehicles in use next year, much more than average supply of repair parts, tires and services will be needed. The trickle of surplus army trucks available to farmers in 1945 is not expected to materially improve the motor transport situation on farms.

A sufficient supply of tires for tractors and other farm machines is

expected to be available in 1945, but the supply for automobiles and trucks will be adequate only for most essential requirements, with large size truck tires continuing to be scarce. Although an adequate supply of motor fuels and lubricants is in prospect for next year, the situation is not expected to be much better than this year.

New tractor prices in 1944 were about 12 percent higher than in 1941 and new tire prices about 40 percent higher. Average prices paid by farmers for gasoline were about 5 percent higher than in 1941, while prices paid for new farm machinery, other than tractors, trucks and automobiles, averaged about 12 percent higher. Because of carrying-charge compensation allowed dealers, 1944 prices paid by farmers for 1942 models of new trucks and automobiles were about 35 percent above 1941 prices. Ceilings for most used trucks and automobiles were not established until mid-1944, and so prices paid for these items by farmers last year increased more than

for new motor vehicles. Likewise, prices for used tractors and field machines advanced more than prices for new machines.

However, with prices for new farm machinery being subject to ceilings since 1942, most prices have advanced very little during 1944. And with the 1945 prospect of more new machines, other than motor vehicles, it seems probable that price advances may not be pronounced next year. On the other hand, some reductions in quality, such as in the case of truck tires and gasoline of lower octane rating, have taken place in the last year or so. These lower grade items will probably have to continue to be used in 1945.

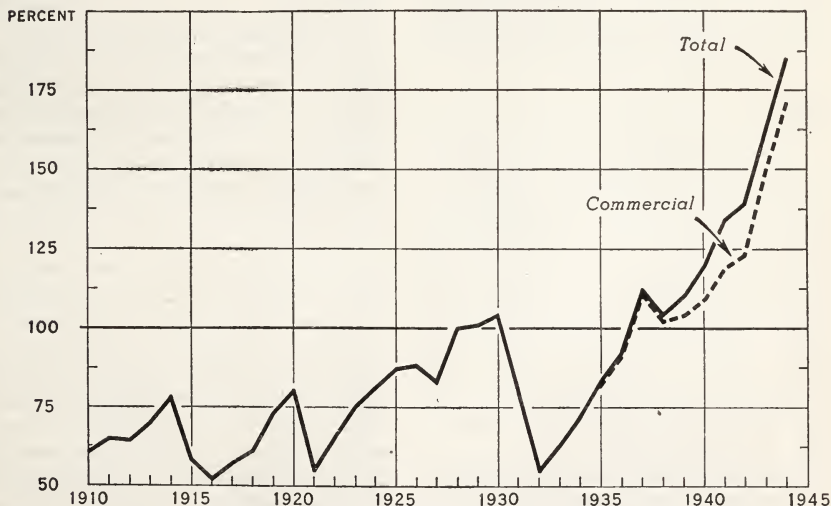
A. P. BRODELL AND
M. R. COOPER, BAE

FERTILIZER

FERTILIZER supplies are expected to be ample for the 1945-46 season to meet all commercial demands plus any probable distribution associated with

FERTILIZER CONSUMPTION IN TERMS OF NITROGEN, PHOSPHORIC ACID, AND POTASH, CONTINENTAL UNITED STATES, 1910-44*

INDEX NUMBERS (1935-39=100)



* COMPUTED FROM FERTILIZER CONSUMPTION AND ANALYSIS DATA BY MEHRING AND SHAW, B. P. I. S. A. E.
AND FROM PHOSPHATE DISTRIBUTION DATA BY AGRI. ADI. AGENCY
DATA FOR 1944 ARE PRELIMINARY

Government conservation programs. Plant capacity is now ample, and it appears that lessened military demands will permit use of materials for fertilizers in sufficient quantity to meet any desired increases on crops and in areas where fertilizer use was formerly small.

Wartime annual commercial consumption of fertilizer in the continental United States, in terms of nitrogen, phosphoric acid and potash, for the period 1940-44 has averaged about 37 percent higher than in 1935-39. Commercial consumption during 1944 will be about 75 percent higher than the average for the pre-war period and about 14 percent more than in 1943. This is in contrast to World War I when average consumption during 1915-19 was about 11 percent below that for the 1910-14 period, because of the lack of synthetic nitrogen plant capacity and cessation of potash imports.

Increase in the use of fertilizer would no doubt have been greater during the present war period if it were not for necessary diversion of materials and facilities to meet direct military needs. If farm prices continue at present levels, consumption of fertilizer probably will continue to increase, but perhaps at a lower rate than during the past five years.

Prices

The index (1935-39=100) of prices per unit (20 pounds) of nitrogen, phosphoric acid and potash is now 124, while shortly after the close of World War I it reached 271. This reflects to a large extent the effect of current price ceilings, but another factor, the higher analysis of present day fertilizers, also operates in favor of lower retail prices because of savings in transportation and bagging costs. The trend toward higher analysis fertilizers will no doubt continue.

The outlook for fertilizer prices during the transition period from war to peace depends largely on whether inflationary controls, including those applying to costs and retail prices of ferti-

lizer, are retained. The longer time outlook for both consumption and prices will depend partly on the general demand for farm products, particularly for those crops that are heavy users of fertilizer and partly on general policies affecting fertilizer production, costs and prices. If these factors are favorable, there are possibilities for very large future increases in the volume of fertilizer consumption at prices favorable both to farmers and the fertilizer industry.

D. B. IBACH, BAE

INSECTICIDES

THE insecticide and fungicide supply for the 1945 crop year, except for certain items, is expected to be as good as or better than in the previous 2 years. Items expected to be available in adequate quantities to meet agricultural requirements are (1) arsenicals, such as lead arsenate, calcium arsenate, and paris green; (2) fluorine compounds such as cryolite, sodium fluoride, and sodium fluosilicate; (3) petroleum oils for sprays; and (4) fumigating materials such as the cyanides, methyl bromide, carbon disulfide, and chloropicrin. Very little pyrethrum will be available for agricultural use in 1945 because of its need in controlling malaria mosquitoes in the fighting zones. Nicotine will probably be inadequate to meet all requirements. Rotenone imports may be greater than in 1944, but because stocks are lower the supply available to farmers will be no greater.

New materials which can serve as partial replacements for pyrethrum, rotenone, and nicotine will not be available in quantities sufficient to meet the essential demands. DDT (dichloro-diphenyl-trichloroethane), which has shown promise for many uses, requires further experimental and developmental work before it can be made available for general use. Powdered sabadilla seeds are showing some promise in relieving shortages of pyrethrum and rotenone.

Fungicides such as sulfur, copper compounds (except for certain copper oxides), mercury, and new synthetic organic fungicides for controlling plant diseases are expected to be available in sufficient quantities to meet the requirements for crop protection.

Dust diluents for insecticides and fungicides, such as lime, talcs, and clays, are in adequate supply.

Animal medicinals, such as phenothiazine, diphenylamine for the production of "Smear 62" in controlling screwworm maggots, and other chemicals are expected to be available in adequate quantities for 1945 requirements.

C. C. HAMILTON, OMF

LUMBER

DOMESTIC lumber production in 1945 is expected to be slightly under the 1944 level of about 33.8 billion board feet, assuming the industry is able to hold its own as it did in 1944. Imports are also expected to continue near the 1944 level so that next year's new supply would be around 33.3 billion board feet compared with about 34.8 billion for this year.

The two major domestic uses for lumber are residential and farm construction. Residential construction in 1944 is being held to about 1.6 billion board feet, but anticipated relaxation in restrictions should increase lumber for this purpose to about 2.6 billion board feet in 1945. Similarly, lumber for farm use could be expected to increase from 3.5 billion board feet in 1944 to about 4.5 billion in 1945. Normal farm use of lumber is around 6 to 6.5 billion board feet a year.

A reasonably early end of the war in Europe would make possible a net addition of about 3 billion board feet for civilian use in 1945, as the savings in the tremendous quantities used in direct military construction and for shipping supplies to the armed forces in Europe would be more than the

amount needed for rehabilitation of devastated areas there.

While the over-all supply situation for 1945 appears to be better than in 1944, stocks of finished lumber are the lowest they have ever been so that it is almost impossible to get dry lumber for construction. As farmers well know, the kinds and quality of current lumber stocks are below pre-war standards, with prices in some areas high for the quality offered. Because there is little chance to accumulate dry stocks during the first quarter of 1945, the prospects for improvement in quality probably will not come until later in the year.

Farm Use

Easing of manpower shortages with a one-front war should facilitate both lumber production and farm construction. Because certifications under WPB order L-335 are now running below the allotments for farm use, it may mean an easing of the supply situation in relation to demand, or it may mean a refusal to buy the quality offered, a shortage of labor for farm construction, too much paper work, or that lumber is being obtained without certification. Even so, with anticipated relaxation of restrictions there will probably be more use of lumber on farms in the coming year.

An important share of the country's total lumber production comes from farm woodlands and production from these sources has helped materially in meeting wartime needs. Continued high output of farm timber will be necessary—on a selective cutting basis to maintain future woodland productivity—if total 1945 production is to meet the expected demand.

F. J. HALLAUER, FOREST SERVICE

FARM EQUIPMENT

SUPPLIES of barbed and woven wire fence, poultry netting, bales, ties and staples are expected to be entirely adequate for essential farm

needs in 1945. Quantities available should be equal to, or greater than, the fairly large volume of 1944, and much in excess of the smaller supplies of 1942. The supply of most building materials for farm use, except good quality lumber, is generally adequate. The present shortage of metal roofing will probably be alleviated somewhat at the termination of the European phase of the war when military cut-backs are expected to make more sheet steel available to civilians.

In most areas, the supply of concrete and cinder blocks, tile, and bricks is fairly good. Increasing amounts of lumber substitutes are being made available as the demand for military and industrial construction is lessened. There is an abundance of reinforcing steel for use in concrete construction.

Copper Wire

Copper wire for farmstead wiring can now be readily purchased in almost every section of the country. The shortage of transformers, due to the demand by the armed forces for radio and radar type transformers, is the controlling factor in limiting the number of electrical utility connections which can be made at the present time. This condition should improve

somewhat with the close of the European war but the supply of transformers may not be entirely adequate until termination of military activities in the Pacific Theatre.

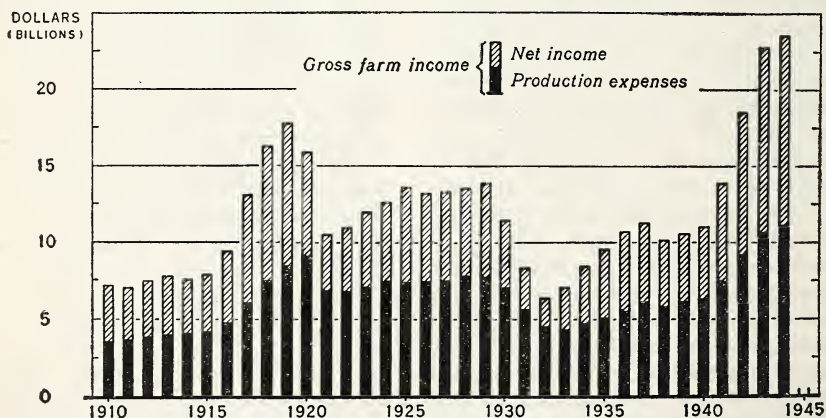
Electric Motors

Electric motors should be available in 1945 in quantities equal to the 1944 supply. However, single phase motors, such as are used with hay driers, are likely to fall short of meeting demands, but their lack should not be a significant hindrance to meeting 1945 food production goals.

Restrictions on new construction continue to be rather tight, but it is anticipated that there will be few regulatory limitations affecting farm construction after the close of the European war. However, temporary shortage of suitable lumber, the relatively low production of civilian plumbing and heating equipment, manpower shortages and high wage costs may retard new farm construction.

The supply of farm and garden hand tools, mechanics hand tools and chain are expected to be sufficient to meet 1945 agricultural needs. The production of home pressure canners in 1945 of about 600,000 units will ex-

**GROSS FARM INCOME: NET INCOME AND PRODUCTION EXPENSES
OF FARM OPERATORS, UNITED STATES, 1910-44***



* INCLUDING GOVERNMENT PAYMENTS, BEGINNING 1933
DATA FOR 1944 ARE TENTATIVE ESTIMATES

ceed the relatively high production of 1944 by about 50 percent. Paint supplies in 1945 will probably be adequate to meet farmer demand. Supplies of screen wire are likely to be somewhat below requirements, as was the case in 1944. Approximately 14½ million pounds of miscellaneous farm rope was produced last year, with a comparable amount expected in 1945, a quantity in excess of the pre-war annual average production.

A sufficient supply of dairy and poultry equipment is in prospect for 1945. Quotas for milking machines have been large, with the number on farms showing a 50 percent increase for the 3-year period ending next January 1.

W. D. McAFEE, OMF

LAND VALUES

IN SPITE of strong counterbalancing forces stimulating a rise in land values on the one hand and those curbing further upward movement on the other, the inflationary forces are likely to be dominant for at least another year. Accordingly, rather widespread increases may be expected during the coming year, averaging between 10 and 15 percent for the country as a whole, which will be somewhat below the increase last year but greater than two years ago.

Forces stimulating a rise in land values include (1) continuing high farm incomes, (2) possible growing volume of purchasing power by prospective buyers, (3) abundant credit along with expanded borrowing capacity because of increased equities, (4) low interest rates, (5) high current earning capacity of farm land, and (6) limited alternative investment opportunities though probably not as tight as in recent years. All these factors make land purchases attractive to farmers as well as others. In addition to these forces, the demand for land will become stronger with the large-scale return of servicemen and

war workers to rural areas, with the reduction of farm production difficulties, and with less incentive for maintaining savings in war bonds and other noninflationary types of investments.

Forces curbing more rapid land value increases will be cautious attitudes based on recollections of the last land boom and a generally guarded land-value outlook. Both buyers and lenders appear skeptical of a continued high wartime level of farm product and land prices, and appear acutely aware of possible serious farm surplus problems shortly after the cessation of hostilities. Conservative attitudes may increase in strength unless undermined by general inflationary tendencies, because prevailing land values are considered above normal levels in most areas and because the remaining high war-income years are believed to be limited.

The conservative attitudes will probably be strong enough to temper the rate of increase in the coming year and prevent a runaway boom. Even a rise of 10 to 15 percent would bring land values in most areas above levels likely to be maintained in the longer post-war period unless the general price level is definitely higher than it is now.

M. M. REGAN, BAE

CREDIT

WITH farm-mortgage debt the lowest it has been in nearly a quarter of a century, forecast at about 5½ billion dollars on January 1, 1945, and with net farm income for 1944 the largest in history, now believed to exceed 12 billion dollars, farmers in general will begin 1945 in a better financial condition than they have been for a generation or more.

Whether this improved financial condition continues throughout 1945 will, of course, depend largely on future price and income levels and on future policies of farmers in their use of cred-

it and disposition of cash and other liquid assets.

Although the farm-mortgage debt has been reduced by about a billion dollars thus far during the war, the rate of reduction has been declining in recent months and this trend is likely to continue in 1945. Mounting incomes during the past 4 years together with rising land values in an active farm real estate market have stimulated further farm-mortgage indebtedness by many farmers, while the increased incomes together with restricted opportunities to buy durable goods for capital improvements have encouraged debt repayments by others.

In the coming year a larger proportion of farm income is likely to be diverted to the purchases of durable goods and less to debt repayment and savings, to the extent that farm machinery, building materials, equipment and labor become available in larger quantities. Thus the volume of both real estate and non-real-estate loans may show some increase, the latter having been rather stable during the war period as the reduced number of loans has been counterbalanced by larger loans on the average.

Loanable funds will be in abundant supply and no major change in the interest rate trend seems likely in the immediate future. But the average interest rate on farm mortgages, which has decreased from 6 percent in 1933 to 4.5 percent in 1944, may show a slight rise as an increasing number of new mortgages are financed by noninstitutional lenders at rates generally above the average.

While farm incomes remain at present high levels the large debt of many individual farmers is no great cause for concern. But a break in prices may make it difficult for many of them to continue repayments.

Bank deposits by farmers increased nearly 30 percent during the year ended September 30, 1944, and war bond holdings have increased substantially. Farmer savings in this form are likely to further increase during the coming year unless commodity prices decline or unless a large volume of durable goods and other scarce materials become available and thus stimulate their purchase by farmers.

N. J. WALL, BAE

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Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39 = 100) ¹	Income of industrial workers (1935-39 = 100) ²	1910-14=100				Index of prices received by farmers (August 1909-July 1914=100)			
			Wholesale prices of all commodities ³	Prices paid by farmers		Farm wage rates	Livestock and products			
				Commodities	Commodities interest and taxes		Dairy products	Poultry and eggs	Meat animals	All live-stock
1934.....	75	76	109	122	⁴ 129	95	101	89	70	84
1935.....	87	86	117	125	⁴ 130	103	114	116	116	115
1936.....	103	100	118	124	⁴ 127	111	125	114	118	120
1937.....	113	117	126	131	133	126	130	110	132	127
1938.....	89	91	115	123	126	125	114	108	115	113
1939.....	109	105	113	121	124	123	110	95	112	108
1940.....	125	119	115	122	125	126	119	96	111	112
1941.....	162	169	127	131	132	154	139	121	146	140
1942.....	199	238	144	152	150	201	162	151	188	173
1943.....	239	305	151	167	162	264	193	190	209	200
October.....	247	317	150	170	165	⁴ 279	198	212	204	204
November.....	247	318	150	171	166	-----	202	219	193	201
December.....	241	316	151	173	167	-----	203	212	194	200
1944-January.....	243	319	151	174	168	275	201	177	194	193
February.....	244	321	151	175	169	-----	201	168	199	194
March.....	241	318	152	175	169	-----	199	162	203	194
April.....	239	313	152	175	169	292	196	151	203	191
May.....	237	313	152	175	169	-----	194	153	201	190
June.....	235	⁴ 313	152	176	170	-----	192	154	200	189
July.....	⁴ 231	306	152	176	170	328	194	165	197	190
August.....	232	310	152	176	170	-----	196	171	201	194
September.....	231	-----	152	176	170	-----	198	179	200	196
October.....	-----	-----	-----	176	170	325	201	190	201	199

Year and month	Index of prices received by farmers (August 1909-July 1914=100)								Parity ratio ⁵	
	Crops							All crops and live-stock		
	Food grains	Feed grains and hay	Tobacco	Cotton	Oil bearing crops	Fruit	Truck crops			All crops
1934.....	91	95	159	97	95	88	95	98	90	70
1935.....	97	107	174	94	120	82	119	102	109	84
1936.....	108	102	165	95	112	92	104	107	114	⁴ 90
1937.....	120	125	204	90	120	104	110	115	122	92
1938.....	75	71	176	67	88	70	88	80	97	77
1939.....	72	69	155	70	90	68	91	80	95	77
1940.....	84	82	136	77	96	73	111	88	100	80
1941.....	97	89	159	107	130	85	129	106	124	94
1942.....	120	111	252	149	172	114	163	142	159	106
1943.....	148	147	325	160	190	179	245	183	192	119
October.....	157	158	335	164	201	195	187	183	194	118
November.....	160	158	347	156	202	196	228	187	194	117
December.....	166	165	349	160	202	208	223	192	196	117
1944-January.....	170	168	350	162	203	204	267	199	196	117
February.....	170	169	348	161	205	206	247	196	195	115
March.....	169	171	351	161	207	215	242	198	196	116
April.....	171	172	352	163	207	237	220	200	196	116
May.....	170	173	350	160	208	232	225	198	194	115
June.....	165	170	350	163	210	228	231	197	193	114
July.....	161	168	350	164	209	230	195	194	192	113
August.....	156	166	355	162	209	214	186	191	193	114
September.....	155	162	358	170	207	206	166	188	192	113
October.....	164	161	357	171	211	205	153	187	194	114

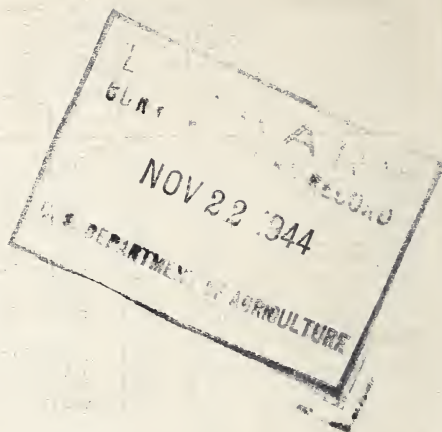
¹ Federal Reserve Board, adjusted for seasonal variation, revised November 1943.

² Total income, adjusted for seasonal variation, revised March 1943.

³ Bureau of Labor Statistics. ⁴ Revised.

⁵ Ratio of prices received by farmers to prices paid, interest and taxes.

NOTE.—The index numbers of industrial production and of industrial workers' income, shown above, are not comparable in several respects. The production index includes only mining and manufacturing; the income index also includes transportation. The production index is intended to measure volume, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and workers' income since output can be increased or decreased to some extent without much change in the number of workers.



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DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON, 25, D. C.

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PENALTY FOR PRIVATE
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